

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 PA-01

PRS-01 SP-02 SS-15 NSCE-00 SSO-00 USIE-00 INRE-00

AF-10 ARA-10 EA-10 EUR-12 NEA-10 IOE-00 ABF-01

OMB-01 TRSE-00 /117 W

-----023579 091907Z /70

O 091651Z NOV 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 2885

INFO USMISSION USUN NEW YORK PRIORITY

ALL EC CAPITALS

AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY CARACAS PRIORITY

AMCONSUL MELBOURNE

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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IO FOR ASST SECY MAYNES, DALLEY AND MILLS

PASS LABOR FOR SAMUEL AND ILAB

E.O.11652:N/A

TAGS: ILO, PLAB

SUBJECT: ILO GOVERNING BODY BEGINS TO COPE WITH

FINANCIAL SITUATION RESULTING FROM U.S. WITHDRAWAL

1. PROGRAM FINANCE AND ADMINISTRATIVE COMMITTEE (PFAC)

OF ILO GOVERNING BODY HEARD INTRODUCTORY STATEMENTS

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NOVEMBER 8 ON ITS FIRST ORDER OF BUSINESS, THE MEASURES

TO DEAL WITH THE FINANCIAL SITUATION RESULTING FROM

U.S. WITHDRAWAL (REF A). ILO DIRECTOR GENERAL

PROPOSED REDUCTION OF 1978-79 PROGRAM BY 19.2 PERCENT

(\$32.5 MILLION) AND SAID HE WOULD TRY TO MAKE UP

REMAINING 5.8 PERCENT OF U.S. ASSESSMENT BY VOLUNTARY

CONTRIBUTIONS FROM MEMBER COUNTRIES AND BY OTHER MEANS.

DG'S PROPOSAL RECEIVED GENERAL SUPPORT FROM THE WORKERS GROUP; EMPLOYERS AND UK REP TOOK POSITION THAT FULL 25 PERCENT LOSS SHOULD BE FACED NOW AND THAT VOLUNTARY CONTRIBUTIONS, ETC. WERE ONLY STOPGAP MEASURES. VENEZUELA ANNOUNCED IT WOULD MAKE VOLUNTARY CONTRIBUTION TO SUPPORT CERTAIN ILO PROGRAMS OF INTEREST TO THE THIRD WORLD; DETAILS ON TIMING AND AMOUNT OF VENEZUELAN CONTRIBUTION WILL BE ANNOUNCED LATER. FIRST REACTION OF IMEC (INDUSTRIALIZED MARKET ECONOMY COUNTRIES) TO IDEA OF VOLUNTARY CONTRIBUTIONS HAS BEEN UNIFORMLY NEGATIVE; THIS MAY CHANGE WHEN DETAILS OF VENEZUELAN PROPOSAL ARE KNOWN. GENERAL REACTION OF ILO GOVERNING BODY MEMBERS TO U.S. WITHDRAWAL SEEMS TO BE SHOCK AND REGRET AT "UNEXPECTED MOVE". MANY HAVE EXPRESSED SATISFACTION TO US THAT U.S. WAS PRESENT AT GB SESSION. END SUMMARY

2. DG'S PROPOSAL IS THAT PFAC RECOMMEND TO GB FOLLOWING CHANGES IN 1978-79 BIENNium: (A) PROGRAM BE REDUCED BY \$32.5 MILLION; (B) DG ATTEMPT (IN PERIOD BEFORE FEB/MARCH GB SESSION) TO BRIDGE DIFFERENCE BETWEEN \$32.5 MILLION AND U.S. CONTRIBUTION (BY SEEKING (1) VOLUNTARY CONTRIBUTIONS FROM MEMBERS; (2) AN AGREEMENT FROM THE STAFF UNION ON TEMPORARY REDUCTION OF PAY; AND (3) INTERNAL AND EXTERNAL BORROWING); AND (C) HE (DG) BE AUTHORIZED TO IDENTIFY LIMITED OFFICIAL USE

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FOR GB DECISION IN MARCH NUMBER OF POSTS TO BE ABOLISHED AND TO SET IN MOTION PROCEDURES FOR REDUCTION OF PERMANENT STAFF (ALSO SUBJECT TO GB APPROVAL). THESE PROPOSALS ELIMINATE RECOMMENDATIONS IN PARA 29 (C) AND (D) OF REF A FOR CREATION OF SMALL WORKING PARTY TO DRAFT PROPOSALS FOR MARCH SESSION OF GB AND TO AUTHORIZE DG TO BEGIN RIF PROCESS. DG SAID PURPOSE OF 19.2 PERCENT REDUCTION WAS TO AVOID ELIMINATION OF PROGRAMS AND "BRUTAL AND SEVERE WEAKENING OF ALL OUR ACTIVITIES".

3. REACTION ON NOVEMBER 8 TO DG'S PROPOSALS LIMITED TO WORKERS, EMPLOYERS STAFF UNION AND UK REP. WORKERS SUPPORT DG'S PROPOSALS BUT EMPLOYERS AND UK REP (WHO REPORTEDLY REPRESENTED CONSENSUS OF GENEVA GROUP) ARGUED FULL EFFECT OF U. S. WITHDRAWAL SHOULD BE FACED NOW BECAUSE IN ABSENCE OF CONTINUING COMMITMENT TO UNDERWRITE DIFFERENCE, DELAY WOULD BE MORE COSTLY AS TIME WENT ON. THEY ALSO POINTED OUT EXCHANGE RATE SHORTFALL AND NEED TO REPLENISH WORKING CAPITAL FUND PUT SERIOUS STRAIN ON MAJOR CONTRIBUTORS. UK (HESS) SAID FLATLY MAJOR CONTRIBUTORS CANNOT BE

EXPECTED TO INCREASE CONTRIBUTIONS. HESS ALSO URGED
DECISION ON WORKING PARTY (TO ASSIST DG IN DRAFTING
RECOMMENDATIONS TO MARCH GB - SEE PARA 2 ABOVE) BE
DELAYED UNTIL END OF THIS GB SESSION. HE POINTED OUT
THAT (1) CHEAPER DOLLAR WILL MAKE MEMBERS CONTRIBUTIONS
LESS EXPENSIVE AND THEREFORE LARGER CONTRIBUTIONS
POSSIBLE AT NO EXTRA COST AND (2) FORECAST EXCHANGE
RATE SHORTFALL OF \$9 MILLION BASED ON U. S.
PARTICIPATION; ACTUAL SHORTFALL WOULD BE 25 PERCENT LESS.

4. STAFF UNION REP (TAQI) OUTLINED UNION APPROACH TO
REDUCTIONS AND SAID IF THESE METHODS WERE NOT
SUCCESSFUL, UNION WAS PREPARED TO ACCEPT "TEMPORARY

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MODIFICATION OF CONDITIONS OF EMPLOYMENT", THAT IS,
A TEMPORARY PAY CUT. STAFF UNION POSITION CALLS FOR
EFFECTIVE FREEZE ON OUTSIDE RECRUITMENT; STRICT
CONTROL OF OUTSIDE CONTRACTING, SUB-CONTRACTING AND OF

MANDATORY RETIREMENT; FACILITATION OF REEMPLOYMENT OF
STAFF IN OTHER AGENCIES AND OF EARLY RETIREMENT;
ESTABLISHMENT OF SOME FORM OF UNEMPLOYMENT BENEFITS
AND USE OF ESTABLISHED RIF PROCEDURES.

5. VENEZUELAN REPRESENTATIVE GRIFFIN ANNOUNCED
PRESIDENT OF VENEZUELA REGRETTED U.S. DECISION WHICH
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RUNS COUNTER TO PRESIDENT CARTER'S POLICY ON FUNDAMENTAL
RIGHTS, AND THAT VENEZUELA WOULD LIKE TO SEE U.S.
RETURN TO ILO. VENEZUELA WILL MAKE VOLUNTARY
CONTRIBUTION TO SUPPORT ILO PROGRAMS GOV CONSIDERS TO
BE OF BENEFIT TO LDOS AND THE MOST DEPRIVED. GRIFFIN
SAID DETAILS OF CONTRIBUTION WOULD BE ANNOUNCED IN
DUE COURSE. SECRETARIAL SOURCES TOLD US CONFIDENTIALLY
GOV INTENDS TO GIVE \$100,000 AND DG IS SEEKING
LARGER CONTRIBUTION. DG ALSO SEEKING CONTRIBUTIONS
FROM NORWEGIANS AND OTHER SCANS.

6. OUTSIDE GB, AUSTRALIAN AMBASSADOR TOLD AMB
VANDEN HEUVEL GOA WOULD NOT MAKE VOLUNTARY CONTRIBUTION.
SOVIETS TOLD DCM REDUCTION IN PROGRAM SHOULD NOT BE
19 PERCENT BUT 35 PERCENT TO TAKE ACCOUNT OF EXCHANGE
RATE, WORKING CAPITAL FUND AND OTHER PROBLEMS AS WELL
AS LOSS OF U.S. CONTRIBUTION. SOVIET MINISTER ALSO
SAID ALL U.S. EMPLOYEES AT ILO SHOULD BE DISMISSED.
CANADIAN AND JAPANESE REPS ALSO TOOK HARD LINE ON
VOLUNTARY CONTRIBUTIONS. BOTH, HOWEVER, HAD NOT
CONSIDERED EFFECT OF SIGNIFICANT VOLUNTARY CONTRIBUTION
BY INDIVIDUAL G-77 COUNTRIES OR G-77 CONSORTIUM ON
IMEC POSITION VIS-A-VIS G-77 IN ILO IN NEXT YEAR.
JAPANESE REP (IWATA) SAID SITUATION WAS MORE COMPLICATED
THAN HE HAD THOUGHT.

7. IN CORRIDOR CONVERSATION WITH USDEL, CYRIL PLANT
(RETIRING UK WORKER REP) VOLUNTEERED THAT UNFORTUNATELY
HE DOES NOT EXPECT THE U.S. WILL RETURN TO THE ILO;
HE SEES THE ICFTU, OECD AND OTHER AGENCIES AS PROVIDING
THE AVENUES SIMILAR TO THOSE ONCE THE PROVINCE OF
THE ILO.

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8. G-77 SCHEDULED TO CAUCUS ALL WEDNESDAY MORNING,
THUS ABSENTING THEMSELVES WHILE GB DISPOSES OF OTHER

AGENDA ITEMS OF LESS INTEREST TO THEM THAN AFTERMATH
OF U.S. WITHDRAWAL. VANDEN HEUVEL

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Disposition Approved on Date:
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